

FLORIDA TILE, INC. / PANARIA GROUP USA, INC. TERMS AND CONDITIONS OF SALE

- 1. ACCEPTANCE.** These Terms and Conditions of Sale ("Terms and Conditions") apply to all sales made by Florida Tile, Inc. ("Seller") to any buyer ("Buyer") of its products. Seller will only accept written purchase orders. All purchase orders, and any revised purchase orders, are subject to Seller's acceptance at Seller's office as indicated in Seller's notice of acceptance. In some instances, provisions of a Buyer's purchase order or other procurement document may conflict with the Terms and Conditions. These Terms and Conditions, in those instances, shall govern and control. **SELLER'S ACCEPTANCE OF ANY PURCHASE ORDER IS EXPRESSLY LIMITED TO AND EXPRESSLY MADE CONDITIONAL ON BUYER'S ACCEPTANCE OF THESE TERMS AND CONDITION.** Seller reserves the right at any time to amend these Terms and Conditions. Buyer's orders after any amendment constitutes acceptance thereof.
- 2. PRICES AND PAYMENT TERMS.** Price quotes are valid for ninety (90) days. If Buyer has not placed order within 90 days after quote, Seller may, in its sole discretion, revise or withdraw it. Buyer must make payment at the time the order is placed unless open account status ("Open Account") has been previously arranged with Seller. Once Seller has agreed to Open Account, terms are NET 30 days, unless additional payment days are approved by seller from invoice date. Seller will invoice order when all or part of order is placed with carrier or when Buyer otherwise takes delivery. Buyer, unless otherwise directed by Seller, will send payment to the address indicated in Seller's invoice. Buyer must pay invoices in full, less any applicable discounts, without setoff or counterclaim. Past due amounts will incur a service charge for costs and expense of administration in the amount of 1.5% per month or the maximum permissible rate allowed by law, whichever is less. Acceptance of any late payment by the Seller or any part thereof does not constitute a waiver of any of the Seller's rights hereunder. Failure to make timely payment for any reason entitles Seller to put Buyer on credit hold and to accelerate all payments for outstanding invoices (including those not due yet), without further notice or act. Seller may impose a service charge of thirty dollars for any check which is returned for either insufficient funds (NSF), account closed, or stopped payment. In addition, Seller may place a credit hold on any of Buyer's pending and unshipped orders unless and until Buyer has paid the relevant invoice, and any other charges, in full.
- 3. TAXES.** Prices on the products are exclusive of all city, state and federal excise taxes and duties, including, without limitation, tariffs, taxes on manufacture, sales, receipts, gross income, importation, occupation, use and similar taxes. Any tax or taxes will be added to the invoice as a separate charge to be paid by the Buyer unless Buyer delivers to Seller with the purchase order a proper exemption certificate acceptable to Seller and the applicable taxing authority.
- 4. SHIPPING.** All delivery dates are estimates and may not be relied upon by Buyer. Seller will ship order F.O.B., Origin, unless otherwise specified in Seller's order confirmation. All tile is sold in full cartons with the exception of trim pieces and select decorative pieces. Seller will automatically round-up to the next full carton. Risk of losses passes to Buyer when products are delivered to carrier or when Buyer otherwise takes possession. Unless Buyer's purchase order specifies a specific carrier, all orders will be shipped via Seller's logistics program. All shipping charges shall be paid by Buyer. If Buyer advises Seller of Buyer's preferred carrier, but such carrier does not arrive at Seller's factory or warehouse within three (3) days of Buyer being notified that the Products are ready for shipment, then Seller may ship the Products with a carrier of Seller's choice.
- 5. TERMINATION BY SELLER.** Seller may terminate any sale upon 5 days' prior written notice to Buyer if (a) Buyer is unwilling or unable to accept delivery of the product on the delivery date agreed upon by the parties and (b) the parties are unable to agree upon another date for delivery. In the event that Seller chooses to terminate pursuant to this paragraph, Seller, at its option, may retain all money paid by Buyer as of the date of such termination as an early termination fee and exercise all of its remaining remedies under the applicable Uniform Commercial Code.
- 6. ASSIGNMENT.** Buyer shall not assign or otherwise transfer any of its rights or obligations under this Sale Agreement without the prior written consent of Seller.
- 7. RETURNS AND CLAIM.** Any products which Buyer desires to return and which Seller agrees to take back will be accepted only with prior written authorization and must be in compliance of Seller's return policy. No returns will be honored on products no longer manufactured by Seller. Buyer shall pay all transportation costs, delivery charges and a restocking charge of 30% of any products value accepted for return. All Buyer claims regarding acceptability of any goods must be resolved prior to Buyer's use thereof. Any use or attempted installation of the products constitutes unconditional acceptance of the products as conforming to the description appearing on the order form. Any products claimed to be defective must be held for inspection by Seller and/or its agent. No claim or credit will be considered for products that have been disposed of or destroyed prior to inspection and written authorization from Seller. Buyer must make any claim concerning compliance with the order requirements within 5 days after the receipt of the products. Seller will supply the run/color in stock at the moment of the order unless otherwise requested. Color variation is inherent in any fired product or natural stone, and Seller is not responsible for variations in the color of the products. Seller is not responsible for damage occurring during transportation or delivery of the products. Buyer must file any possible claim for material damaged during the transportation with the carrier if freight is managed by the buyer. For freight managed by the seller, the seller will file any possible claims for material damage.
- 8. CHANGE ORDERS.** Change orders involving part number or quantity changes will be assigned new shipment dates consistent with Seller's projected delivery schedule and product availability. Requests for expedited shipment dates may incur additional charges for which Buyer shall be responsible. Unless Seller consents, Buyer may not change order after confirmed and transmitted to factory. If Seller consents, Buyer agrees to pay an additional thirty percent 30% as a restocking charge. Seller cannot guaranty timely shipment, and Buyer assumes full responsibility for any failure of delivery, if Buyer changes delivery destination after order has been staged for delivery at factory.
- 9. SPECIAL ORDERS.** Special orders are any orders placed for any product that is not a standard inventory item. Fabricated product is always considered special order. Special orders may, at Seller's sole discretion, require a deposit even if Open Account status has been arranged. All deposits are non-refundable. No returns or cancellations whatsoever will be honored after such special order products have been produced by the manufacturer. Special orders will be invoiced at time of shipment. If Buyer fails or refuses to provide delivery instructions or to accept or take delivery of products as agreed Seller (a) charge a storage fee of \$15.00 per pallet per month, and (b) and if such failure or refusal continues for at least sixty (60) days from notification of arrival, Seller may sell all or part of the products and hold Buyer responsible for any and all damages Seller incurs, including lost profits.
- 10. NO EXPRESS OR IMPLIED WARRANTIES. BUYER HEREBY ACKNOWLEDGES THAT SELLER HAS NOT MADE ANY PROMISES, AFFIRMATIONS OF FACT, OR GUARANTEES RELATING TO THE PRODUCTS EXCEPT AS EXPRESSLY SET OUT IN THE WARRANTY PROVIDED IN EXHIBIT A.** Buyer

understands and acknowledges that variations in size, color and texture are inherent in all kiln-fired products. Seller is not responsible for failures resulting from tiles being installed in unsuitable areas or improper installation.

11. WARRANTY. Seller's sole warranty is attached as **Exhibit A**, incorporated by reference and made a part hereof.

12. LIMITATION OF REMEDIES. IN NO EVENT SHALL SELLER BE LIABLE TO BUYER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR AS A RESULT OF THE SALE, DELIVERY, NON-DELIVERY, SERVICING, ASSEMBLY, USE, LOSS OF USE OR FAILURE OF THE PRODUCTS OR ANY PART THEREOF, OR FOR ANY CHARGES OR EXPENSES OF ANY NATURE INCURRED WITHOUT SELLER'S PRIOR WRITTEN CONSENT, EVEN IF SELLER MAY HAVE BEEN NEGLIGENT. IN NO EVENT SHALL SELLER LIABILITY UNDER ANY CLAIM MADE BY BUYER EXCEED THE PURCHASE PRICE OF THE PRODUCTS. Seller's liability hereunder in any case is expressly limited, at Seller's election, to repair or replacement (in the form originally shipped) of products found not to be in compliance with the purchase order, or to the repayment of or crediting Buyer with, an amount equal to the purchase price of such products. No claim relating to these Terms and Conditions shall be deemed valid and under no circumstances shall be enforceable if not made within 180 days of the date of Buyer's receipt of product.

13. BUYER'S SOLVENCY. Buyer represents and warrants that it is solvent and does not anticipate filing for protection under the United States bankruptcy laws or making an assignment for the benefit of creditors. Buyer's continued solvency and good credit standing are conditions for Seller's performance under this Sale Agreement.

14. SECURITY INTEREST; COLLECTION EXPENSES. Buyer grants to Seller a security interest in all Seller's products hereafter acquired, including all proceeds thereof as defined by the Uniform Commercial Code, as adopted in the State of Kentucky, and in all accounts receivable arising from the resale of Seller's products by Buyer. This grant of security interest is made to secure payment of all debts or liabilities and performance of all obligations of Buyer to Seller, whether such debts, liabilities, or obligations are now existing or hereafter arise and whether direct or contingent. This paragraph is deemed to constitute a "Security Agreement" for purposes of the Uniform Commercial Code as enacted in the State of Kentucky and Buyer authorizes Seller to file any documents, financing statements or other instruments necessary to perfect the lien granted hereunder. In addition, Buyer agrees to execute all instruments and perform all acts, which may be deemed necessary by Seller for the creation, perfection and protection of such lien and security interest. In the event Buyer shall fail to make payment when due for purchases, Buyer agrees to pay all of Seller's costs of collection, including reasonable attorneys' fees, costs, and expenses.

15. ENFORCEMENT. Buyer shall be responsible for all costs incurred by Seller in enforcing its rights and Buyer's obligations under this Agreement, including reasonable attorneys' fees and any costs incurred in connection with the collection of amounts due under these Terms and Conditions, including bankruptcy or appellate proceeding.

16. BINDING EFFECT. These Terms and Conditions shall be binding upon and inure to the benefit of the parties, their respective successors, legal representatives and permitted assigns.

17. JURISDICTION AND APPLICABLE LAW. Seller and Buyer agree that any claims or other matters arising out of or involving any purchase orders for and sales of products shall be litigated in the federal or state courts in Fayette County, Kentucky, and Seller and Buyer each submit to the jurisdiction of such courts; provided, however, that the foregoing shall not preclude either party from taking any provisional measures or pursuing any provisional or other remedies, such as injunctions, attachment, or similar proceedings, which may be available to such party under the laws of any jurisdiction against the actions or assets of the other party. These Terms and Conditions shall be governed by the laws of the State of Kentucky, without regards to conflicts of law principles; specifically, without limitation, Article 2 of the Uniform Commercial Code. These terms shall not for any purpose be governed by the United Nations Convention on Contracts for the International Sale of Goods.

18. FORCE MAJEURE. Seller shall not be responsible for any failure of performance by reason of matters or occurrences beyond its control, such as, but not limited to, acts of God, pandemic, acts by Buyer, war, terrorism, unforeseen environmental conditions, civil commotion, delays in transportation, material shortages, delays in manufacture, strikes, or other labor disturbances.

19. INDEMNITY. Buyer shall defend, indemnify and hold harmless Seller, its successors, assigns, affiliates, agents and contractors, and the officers, directors and employees of each of them, from and against any damage, loss, claim, judgment, or other liability or expense (including but not limited to reasonable attorneys' fees) which may arise out of any act or omission on Buyer's part in connection with these Terms and Conditions.

20. NO WAIVER. All rights, privileges and remedies afforded the Seller shall be deemed cumulative and not exclusive, and the exercise of any one of such remedies shall not be deemed a waiver of any other right, privilege, or remedy. No term or condition of these Terms and Conditions shall be deemed to have been waived by Seller, nor shall there be any estoppel against Seller, except by written consent of the Seller.

21. NOTICES. All notices required to be given shall be in writing and delivered to Seller at the address in Seller's order confirmation and to the Buyer at the address in Buyer's purchase order. Any such notice shall be delivered: (a) by certified, first class mail, postage prepaid, return receipt requested and shall be deemed in such case given upon the three days after mailing or (b) by national courier service such as UPS or Federal Express and shall be deemed given upon delivery, or (c) by personal service and shall be deemed given upon the date hand delivered.

22. ENTIRE AGREEMENT. These Terms and Conditions and attached Exhibit A constitute the entire final, complete and exclusive understanding and agreement between the Buyer and Seller regarding the subject matter and supersede all prior representations, proposals, or understandings. The Terms and Conditions may not be amended, modified, or supplemented except in writing as agreed to and signed by the parties.

23. SEVERABILITY. The invalidity of any of the provisions of the Terms and Conditions shall not effect or impair the validity of enforceability of the remainder of the provisions.

EXHIBIT A

Florida Tile's Limited Warranty

Florida Tile warrants Florida Tile branded tile products and all other products manufactured by Florida Tile ("Florida Tile Products") to meet or exceed the applicable requirements of American National Specifications Institute, Specification ANSI A137.1-2012. Florida Tile further warrants Florida Tile Products to conform to any specific physical properties stated in Florida Tile's then-current product literature, and to be reasonably free from manufacturing defects.

Residential Limited Lifetime Warranty:

The non-transferable warranty for Florida Tile Products installed in a residence will remain in effect for as long as the original purchaser owns his or her home.

Commercial Limited Warranty:

Florida Tile defines a commercial installation as any structure other than a dwelling occupied by the owner of the tile. The warranty set forth above for Florida Tile Products installed in a commercial installation will extend for a period of 18 months from the date of shipment of the product.

Third Party Products:

All products sold by Florida Tile other than Florida Tile Products ("Third Party Products") shall be sold subject to the manufacturer's express warranties. Florida Tile makes no other warranty with respect to Third Party Products.

Warranty Limitations:

THE REMEDIES DESCRIBED ABOVE ARE YOUR SOLE AND EXCLUSIVE REMEDIES AND OUR ENTIRE LIABILITY FOR ANY BREACH OF THIS RESIDENTIAL LIMITED LIFETIME WARRANTY AND COMMERCIAL LIMITED WARRANTY. OUR LIABILITY SHALL UNDER NO CIRCUMSTANCES EXCEED THE ACTUAL AMOUNT PAID BY YOU FOR THE DEFECTIVE PRODUCT, NOR SHALL WE UNDER ANY CIRCUMSTANCES BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES OR LOSSES, WHETHER DIRECT OR INDIRECT, ARISING OUT OF, OR AS A RESULT OF, THE SALE, DELIVERY, NON-DELIVERY, USE, LOSS OF USE OR FOR ANY CHARGES OR EXPENSES OF ANY NATURE, INCURRED WITHOUT FLORIDA TILE'S PRIOR WRITTEN CONSENT. SOME STATES DO NOT ALLOW EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES. IF SO THIS LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU.

Implied Warranty:

WE LIMIT THE DURATION AND REMEDIES OF ALL IMPLIED WARRANTIES, INCLUDING WITHOUT LIMITATION THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, TO THE DURATION OF THIS RESIDENTIAL LIMITED LIFETIME WARRANTY AND COMMERCIAL LIMITED WARRANTY. SOME STATES DO NOT ALLOW LIMITATIONS ON HOW LONG AN IMPLIED WARRANTY LASTS. IF SO THIS LIMITATION MAY NOT APPLY TO YOU.

What is not covered:

Florida Tile's warranty is limited to providing replacement tile or refunding the purchase price, at Florida Tile's sole discretion, which shall be Purchaser's exclusive remedy. This warranty does not cover damage due to: improper fabrication, installation or maintenance; modifications to Products; structural movement or external causes such as accidents, abuse (physical or chemical) or other actions or events beyond Florida Tile's reasonable control. Purchaser shall be solely responsible for ensuring compatibility of any and all products or materials utilized in connection with the installation of Florida Tile Products. Shade match of the replacement product to that being replaced cannot be guaranteed. No installer, dealer, agent, or employee of Florida Tile has the authority to modify the obligations or limitations of this warranty.

Claims:

To make a claim under this Limited Lifetime Warranty, you must notify Florida Tile within 30 days after you discover a problem. To evaluate your claim, we may ask you to provide us with pictures, samples, or other evidence of defects. Your claim will be denied if you fail to notify us within the 30-day period, fail to provide us with requested sufficient evidence of defect, or you repair or replace Products before we have made a determination of your claim.

The terms of this Lifetime Limited Warranty may not be waived or modified (whether by a statement, omission, course of dealing or any act) except by a writing signed by an officer of Florida Tile. This warranty and all disputes are governed by the laws of the State of Kentucky.